

75-1020

TOWNSHIP OF COLON
ST. JOSEPH COUNTY, MICHIGAN

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name COLON TOWNSHIP	County St. Joseph
Audit Date March 31, 2004	Opinion Date July 21, 2004	Date Accountant Report Submitted to State: August 18, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGR).			X

Certified Public Accountant (Firm Name) NORMAN & PAULSEN, P.C.			
Street Address 127 West Chicago Rd.		City Sturgis	State MI
Accountant Signature Michael R. Wilson CPA		ZIP 49091	Date

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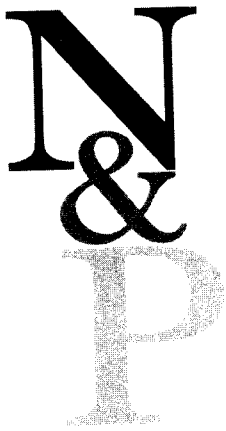
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Township of Colon, Michigan

We have audited the accompanying general purpose financial statements of the Township of Colon, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the general fixed asset account group, which should be included in order to conform with generally accepted accounting principles. The amount that should be recorded in the general fixed assets account group is not known.

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Township of Colon, Michigan, at March 31, 2004, and the results of its operations and cash flows of its nonexpendable trust fund for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund statements and other supplementary data listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township of Colon, Michigan. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Norman & Paulsen, P.C.

Norman & Paulsen, P.C.

Certified Public Accountants

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Jerrel T. Norman (1941-1982) July 21, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

TOWNSHIP OF COLON, MICHIGAN
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004

	<u>Governmental</u>	
	<u>General</u>	<u>Special Revenue</u>
ASSETS		
Cash and cash equivalents	\$ 173,020	\$ 421,740
Receivables	8,336	10,053
Taxes	-	11,631
Assessments	-	4,582
Land contracts	10,473	606
Due from other funds	19,939	400
Due from other governmental units	-	-
Amount available in debt service fund	-	-
Amount to be provided for retirement of long-term debt	-	-
	<u>\$ 211,768</u>	<u>\$ 449,012</u>
Total assets		
LIABILITIES AND FUND EQUITY		
LIABILITIES	\$ 4,267	\$ 3,929
Accounts payable	-	9,154
Due to other funds	-	-
Due to other governmental units	-	4,582
Deferred revenue	-	-
Bank mortgage payable	-	-
Special assessment debt	-	-
General obligation bonds payable	-	-
	<u>4,267</u>	<u>17,665</u>
Total liabilities		
FUND EQUITY		
Fund balance	-	-
Reserved for debt service	-	-
Reserved for perpetual care	-	-
Unreserved	207,501	431,347
Undesignated	<u>207,501</u>	<u>431,347</u>
Total fund equity	<u>207,501</u>	<u>431,347</u>
Total liabilities and fund equity	<u>\$ 211,768</u>	<u>\$ 449,012</u>

See accompanying notes to financial statements

Fund Types		Fiduciary Fund Types	Account Group	Total (Memorandum Only)
Debt Service	Capital Projects	Trust And Agency	General Long-term Debt	
\$ 59,328	\$ 838,554	\$ 55,632	\$ -	\$ 1,548,274
6,226	-	-	-	24,615
-	-	-	-	11,631
-	-	-	-	4,582
228	-	-	-	11,307
-	-	-	-	20,339
-	-	-	65,782	65,782
-	-	-	1,191,837	1,191,837
<u>\$ 65,782</u>	<u>\$ 838,554</u>	<u>\$ 55,632</u>	<u>\$ 1,257,619</u>	<u>\$ 2,878,367</u>

\$ -	\$ 10,557	\$ -	\$ -	\$ 18,753
-	-	2,153	-	11,307
-	-	11,399	-	11,399
-	-	-	-	4,582
-	-	-	342,812	342,812
-	-	-	14,807	14,807
-	-	-	900 000	900,000
-	10,557	13,552	1,257,619	1,303,660

65,782	-	-	-	65,782
-	-	29,200	-	29,200
-	827,997	12,880	-	1,479,725
65,782	827,997	42,080	-	1,574,707
<u>\$ 65,782</u>	<u>\$ 838,554</u>	<u>\$ 55,632</u>	<u>\$ 1,257,619</u>	<u>\$ 2,878,367</u>

TOWNSHIP OF COLON, MICHIGAN

COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED MARCH 31, 2004

	General Fund	Special Revenue Funds	Debt Service Fund
REVENUE			
Taxes	\$ 83,065	\$ 65,014	\$ 63,125
Licenses and permits	7,138	-	-
State grants	149,317	16,395	-
Charges for services	-	31,512	-
Fines and forfeitures	-	825	-
Interest and rentals	1,996	2,415	2,657
Other	10,536	161,126	-
Total revenue	252,052	277,287	65,782
EXPENDITURES			
Legislative	2,300	-	-
General government	123,746	40,206	-
Public safety	28,238	93,703	-
Public works	36,877	8,590	-
Recreation and culture	3,629	69,165	-
Debt service			
Principal	2,750	27,245	-
Interest	724	20,410	-
Capital outlay	-	9,525	-
Total expenditures	198,264	268,844	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	53,788	8,443	65,782
OTHER FINANCING SOURCES (USES)			
Proceeds from bond issue	-	-	-
Operating transfers in	-	23,000	-
Operating transfers out	(23,000)	-	-
Total other financing sources (uses)	(23,000)	23,000	-
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	30,788	31,443	65,782
FUND BALANCE - BEGINNING OF YEAR	176,713	399,904	-
FUND BALANCE - END OF YEAR	\$ 207,501	\$ 431,347	\$ 65,782

See accompanying notes to financial statements

Capital Projects Fund	Total (Memorandum Only)
\$ -	\$ 211,204
-	7,138
-	165,712
-	31,512
-	825
3,423	10,491
-	171,662
<u>3,423</u>	<u>598,544</u>
-	2,300
-	163,952
-	121,941
-	45,467
-	72,794
-	29,995
-	21,134
<u>75,426</u>	<u>84,951</u>
<u>75,426</u>	<u>542,534</u>
(72,003)	56,010
900,000	900,000
-	23,000
-	(23,000)
<u>900,000</u>	<u>900,000</u>
827,997	956,010
-	576,617
<u>\$ 827,997</u>	<u>\$ 1,532,627</u>

TOWNSHIP OF COLON, MICHIGAN

COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED MARCH 31, 2004

	General Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUE			
Taxes	\$ 83,095	\$ 83,065	\$ (30)
Licenses and permits	7,325	7,138	(187)
State grants	151,500	149,317	(2,183)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest and rentals	2,500	1,996	(504)
Other	10,555	10,536	(19)
Total revenue	254,975	252,052	(2,923)
EXPENDITURES			
Legislative	2,300	2,300	-
General government	141,855	123,746	18,109
Public safety	29,050	28,238	812
Public works	36,600	36,877	(277)
Recreation and culture	3,630	3,629	1
Debt service			
Principal	2,750	2,750	-
Interest	724	724	-
Capital outlay	-	-	-
Total expenditures	216,909	198,264	18,645
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	38,066	53,788	15,722
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	(23,000)	(23,000)	-
Total other financing sources (uses)	(23,000)	(23,000)	-
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	15,066	30,788	15,722
FUND BALANCE - BEGINNING OF YEAR	176,713	176,713	-
FUND BALANCE - END OF YEAR	<u>\$ 191,779</u>	<u>\$ 207,501</u>	<u>\$ 15,722</u>

See accompanying notes to financial statements

Special Revenue Funds

<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
\$ 62,387	\$ 65,014	\$ 2,627
-	-	-
15,770	16,395	625
29,575	31,512	1,937
700	825	125
2,356	2,415	59
<u>140,092</u>	<u>161,126</u>	<u>21,034</u>
250,880	277,287	26,407
-	-	-
40,185	40,206	(21)
84,552	93,703	(9,151)
-	8,590	(8,590)
76,825	69,165	7,660
26,964	27,245	(281)
20,651	20,410	241
<u>17,359</u>	<u>9,525</u>	<u>7,834</u>
<u>266,536</u>	<u>268,844</u>	<u>(2,308)</u>
(15,656)	8,443	24,099
23,000	23,000	-
-	-	-
<u>23,000</u>	<u>23,000</u>	<u>-</u>
7,344	31,443	24,099
<u>399,904</u>	<u>399,904</u>	<u>-</u>
<u>\$ 407,248</u>	<u>\$ 431,347</u>	<u>\$ 24,099</u>

TOWNSHIP OF COLON, MICHIGAN

STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN FUND BALANCES - NONEXPENDABLE TRUST FUND
YEAR ENDED MARCH 31, 2004

OPERATING REVENUE	\$	235
Interest		<u>200</u>
Endowment purchases		435
Total revenue		
EXPENDITURES		<u>118</u>
Bank charges		317
EXCESS OF REVENUES OVER EXPENDITURES		<u>41,763</u>
FUND BALANCE - BEGINNING OF YEAR		<u>\$ 42,080</u>
FUND BALANCE - END OF YEAR		

STATEMENT OF CASH FLOWS
NONEXPENDABLE TRUST FUND
YEAR ENDED MARCH 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	\$	317
Operating income		<u>41,763</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		<u>\$ 42,080</u>
CASH AND CASH EQUIVALENTS - END OF YEAR		

See accompanying notes to financial statements

TOWNSHIP OF COLON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Colon conform to generally accepted accounting principles as applicable to governments, except as to general fixed assets. The Township has not maintained a general fixed asset account group to account for its investment in fixed assets utilized in its general operations. The following is a summary of the more significant policies:

A. Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Township has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Township's financial statements.

B. Basis of Presentation

The accounts of the Township are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures, as appropriate. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Financial activities of the Township are recorded in the separate funds and account group, categorized, and described as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The Special Revenue Funds are used to account for specific revenue derived from State and Federal grants, General Fund appropriations, and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

TOWNSHIP OF COLON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation - Continued

FIDUCIARY FUND - Trust and Agency Funds - Trust and agency funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organization, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUP - General Long Term-Debt Account - This account group represents the balance of general obligation long term debt, which is not recorded in proprietary funds or in special assessment funds.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available to finance expenditures of the fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The nonexpendable trust fund is accounted for using the accrual basis of accounting. Revenue is recognized when it is earned, and expenses are recognized when they are incurred. Management has elected to follow: 1) all GASB pronouncements, and 2) Financial Accounting Standards Board statements and interpretations, Accounting Practice Bulletins opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

D. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

TOWNSHIP OF COLON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Budgets and Budgetary Accounting

The Township follows the procedures in establishing the budgetary data reflected in the financial statements in accordance with the Uniform Budgeting and Accounting Act (Act No. 621, Public Acts of 1978) as prescribed by the State of Michigan.

Budgets for the general and special revenue funds are adopted at the functional level and are on a basis consistent with generally accepted accounting principles.

F. Property Tax Revenue Recognition

Property taxes are levied as of December 1, on property values assessed as of December 31 of the prior year. The billings are due on February 14 (with a final collection date of February 28), after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. The Township considers property taxes levied December 1, as revenue of the current year.

G. Total Columns On Combined Statements - (Memorandum Only)

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH AND CASH EQUIVALENTS

Deposits With Financial Institutions - At March 31, 2004, the Township had deposits with a carrying amount of \$1,548,274 and a bank balance of \$1,563,978. Of the bank balance \$315,807 is covered by federal depository insurance and \$1,248,171 is uninsured.

TOWNSHIP OF COLON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED MARCH 31, 2004

NOTE 3 - INTERFUND RECEIVABLE AND PAYABLE

The amounts of interfund receivable and payable balances at March 31, 2004, are shown as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 10,473	Tax Collection	\$ 2,153
Debt Service	228	Special Assessments	3,293
Fire and Rescue	372	Library	5,861
Library	234		
Total	<u>\$ 11,307</u>		<u>\$ 11,307</u>

NOTE 4 - LONG-TERM DEBT

A summary of long-term debt transactions for the year ended March 31, 2004, is as follows:

	<u>Bonds</u>	<u>Bank Loan</u>	<u>Special Assessment</u>	<u>Total</u>
Balance - 4/1/03	\$ -	\$ 370,057	\$ 17,557	\$ 387,614
Retirements	-	(27,245)	(2,750)	(29,995)
Increases	900,000	-	-	900,000
Balance - 3/31/04	<u>\$ 900,000</u>	<u>\$ 342,812</u>	<u>\$ 14,807</u>	<u>\$ 1,257,619</u>

Long-term debt at March 31, 2004, is comprised of the following individual issues:

General long-term debt account group

\$42,817 1998, Lamberson Dam Special Assessment - payable in annual installments of \$3,875 due to St. Joseph County, including interest at 4.125%; final payment due December, 2007 \$ 14,807

\$550,000 2001, Municipal Building Bank Loan payable in annual installments of \$54,623, including interest at 5.55%; final payment due March, 2014 342,812

\$900,00 bond issue dated November 1, 2003, payable in annual installments of \$15,000 to \$70,000 plus interest at 5.00% through May, 2023 900,000
\$1,257,619

TOWNSHIP OF COLON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED MARCH 31, 2004

NOTE 4 - LONG-TERM DEBT - Continued

The annual requirements to amortize all debt outstanding at March 31, 2004, including interest of \$651,515, are as follows:

2005	\$ 114,787
2006	115,718
2007	119,434
2008	122,899
2009	122,239
Thereafter	<u>1,314,057</u>
	<u>\$1,909,134</u>

NOTE 5 - PENSION PLAN

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. Contributions range from \$200 to \$2,000 per employee, depending upon annual compensation. The Township's contributions are fully vested immediately. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

The Township made the required contributions of \$3,312 for the year ended March 31, 2004.

NOTE 6 - RISK MANAGEMENT

The Township is exposed to various risks of loss to general liability, property and casualty, and workers' compensation.

The risks of loss arising from general liability up to \$5,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance.

NOTE 7 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the functional level.

TOWNSHIP OF COLON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED MARCH 31, 2004

NOTE 7 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS -
Continued

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds, which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Function</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public Works	\$ 36,600	\$ 36,877	\$ 277
Fire and Ambulance	Public Safety	84,552	93,703	9,151
Cemetery	General Government	40,585	40,606	21

NOTE 8 - NEW ACCOUNTING PRONOUNCEMENT

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Under the provisions of this GASB standard, which becomes effective for the Township's year ending March 31, 2005, the Township will use business type reporting activity (BTA). BTA reporting will require the Township to present management's discussion and analysis (MD&A) of financial results, a statement of net assets or a balance sheet, a statement of revenue, expenses and changes in net assets, a statement of cash flows, notes to the financial statements, and other required supplementary information. The required basic financial statements described above will be prepared using the economic resources measurement focus and the accrual basis of accounting. Fund financial information is not required for BTA reporting.

Financial reporting under GASB 34 will require reporting fund balance as net assets, reporting tax revenues as non-operating income, changing certain financial statement disclosure formats including the property and equipment, and long-term debt disclosures, and including the MD&A. Management has not yet determined the effect of the implementation of this statement on the Township's financial statements.

COMBINING AND INDIVIDUAL FUND STATEMENTS

GOVERNMENTAL FUND TYPES

TOWNSHIP OF COLON, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2004

	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES			
Taxes			
Property taxes	\$ 65,375	\$ 65,467	\$ 92
Trailer park fees	100	192	92
Tax collection fee	17,620	17,406	(214)
Total taxes	83,095	83,065	(30)
Licenses and permits	7,325	7,138	(187)
State grants - state shared revenues	151,500	149,317	(2,183)
Interest	2,500	1,996	(504)
Other	10,555	10,536	(19)
Total revenue	254,975	252,052	(2,923)
EXPENDITURES			
Legislative - Township trustees	2,300	2,300	-
General government			
General operating	59,260	42,202	17,058
Supervisor/assessor	35,750	34,645	1,105
Elections	695	708	(13)
Clerk	22,780	23,010	(230)
Treasurer	16,650	16,773	(123)
Township hall	6,720	6,408	312
Total general government	141,855	123,746	18,109
Public safety - planning and zoning	29,050	28,238	812
Public works - road maintenance	36,600	36,877	(277)
Recreation and culture - parks and beach	3,630	3,629	1
Debt service			
Principal	2,750	2,750	-
Interest	724	724	-
Capital outlay	-	-	-
Total expenditures	216,909	198,264	18,645
EXCESS OF REVENUE OVER EXPENDITURES	38,066	53,788	15,722

TOWNSHIP OF COLON, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - (CONTINUED)
YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
OTHER FINANCING USES			
Operating transfers out			
Cemetery Fund	(10,000)	(10,000)	-
Library Fund	(13,000)	(13,000)	-
Total other financing uses	(23,000)	(23,000)	-
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER USES	15,066	30,788	15,722
FUND BALANCE - BEGINNING OF YEAR	<u>176,713</u>	<u>176,713</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 191,779</u>	<u>\$ 207,501</u>	<u>\$ 15,722</u>

TOWNSHIP OF COLON, MICHIGAN

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
MARCH 31, 2004

	Cemetery Fund	Library Fund	Fire and Ambulance Fund
ASSETS			
Cash and cash equivalents	\$ 17,997	\$ 192,029	\$ 133,431
Receivables:			
Taxes	-	6,391	-
Special assessments	-	-	10,326
Land contracts	-	-	-
Due from other governmental unit	-	400	-
Due from other funds	-	234	372
Total assets	<u>\$ 17,997</u>	<u>\$ 199,054</u>	<u>\$ 144,129</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 715	\$ 3,214	\$ -
Due to other funds	-	5,861	-
Deferred revenue	-	-	-
Total liabilities	715	9,075	-
FUND BALANCE			
Unreserved, undesignated	<u>17,282</u>	<u>189,979</u>	<u>144,129</u>
Total liabilities and fund balance	<u>\$ 17,997</u>	<u>\$ 199,054</u>	<u>\$ 144,129</u>

<u>Municipal Building Fund</u>	<u>Road and Street Lighting Fund</u>	<u>Total (Memorandum Only)</u>
--	--	--

\$ 54,525	\$ 23,758	\$ 421,740
3,662	-	10,053
-	1,305	11,631
4,582	-	4,582
-	-	400
-	-	606
<u>\$ 62,769</u>	<u>\$ 25,063</u>	<u>\$ 449,012</u>

\$ -	\$ -	\$ 3,929
-	3,293	9,154
<u>4,582</u>	<u>-</u>	<u>4,582</u>
4,582	3,293	17,665
<u>58,187</u>	<u>21,770</u>	<u>431,347</u>
<u>\$ 62,769</u>	<u>\$ 25,063</u>	<u>\$ 449,012</u>

TOWNSHIP OF COLON, MICHIGAN

COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED MARCH 31, 2004

	<u>Cemetery Fund</u>	<u>Library Fund</u>	<u>Fire and Ambulance Fund</u>
REVENUE			
Property taxes	\$ -	\$ 65,014	\$ -
State grants	-	16,395	-
Charges for services	30,781	731	-
Fines and forfeitures	-	825	-
Interest and rentals	-	1,315	90
Other	-	528	93,145
	<u>30,781</u>	<u>84,808</u>	<u>93,235</u>
Total revenue			
EXPENDITURES			
General government	40,206	-	-
Public safety	-	-	93,703
Public works	-	-	-
Recreation and culture	-	69,165	-
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
Capital outlay	400	9,125	-
	<u>40,606</u>	<u>78,290</u>	<u>93,703</u>
Total expenditures			
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(9,825)	6,518	(468)
OTHER FINANCING SOURCES			
Operating transfers in	<u>10,000</u>	<u>13,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES	175	19,518	(468)
FUND BALANCE - BEGINNING OF YEAR	<u>17,107</u>	<u>170,461</u>	<u>144,597</u>
FUND BALANCE - END OF YEAR	<u>\$ 17,282</u>	<u>\$ 189,979</u>	<u>\$ 144,129</u>

<u>Municipal Building Fund</u>	<u>Road and Street Lighting Fund</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ -	\$ 65,014
-	-	16,395
-	-	31,512
-	-	825
958	52	2,415
<u>56,945</u>	<u>10,508</u>	<u>161,126</u>
57,903	10,560	277,287
-	-	40,206
-	-	93,703
-	8,590	8,590
-	-	69,165
27,245	-	27,245
20,410	-	20,410
-	-	9,525
<u>47,655</u>	<u>8,590</u>	<u>268,844</u>
10,248	1,970	8,443
-	-	23,000
10,248	1,970	31,443
<u>47,939</u>	<u>19,800</u>	<u>399,904</u>
<u>\$ 58,187</u>	<u>\$ 21,770</u>	<u>\$ 431,347</u>

TOWNSHIP OF COLON, MICHIGAN

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CEMETERY FUND

YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
REVENUE			
Charges for services			
Foundation construction	\$ 3,100	\$ 3,081	\$ (19)
Grave openings	9,500	10,430	930
Sale of lots	16,275	17,270	995
	<u>28,875</u>	<u>30,781</u>	<u>1,906</u>
Other	<u>475</u>	<u>-</u>	<u>(475)</u>
Total revenue	29,350	30,781	1,431
EXPENDITURES			
General government			
Salaries and wages	30,875	30,662	213
Professional services	1,400	1,800	(400)
Mileage	975	965	10
Insurance	1,630	1,627	3
Grounds maintenance	2,730	2,583	147
Equipment maintenance	1,880	1,866	14
Miscellaneous	695	703	(8)
	<u>40,185</u>	<u>40,206</u>	<u>(21)</u>
Capital outlay	<u>400</u>	<u>400</u>	<u>-</u>
Total expenditures	<u>40,585</u>	<u>40,606</u>	<u>(21)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(11,235)	(9,825)	1,410
OTHER FINANCING SOURCES			
Operating transfer in-general fund	<u>10,000</u>	<u>10,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES	(1,235)	175	1,410
FUND BALANCE - BEGINNING OF YEAR	<u>17,107</u>	<u>17,107</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 15,872</u>	<u>\$ 17,282</u>	<u>\$ 1,410</u>

TOWNSHIP OF COLON, MICHIGAN

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY FUND

YEAR ENDED MARCH 31, 2004

	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUE			
Property taxes	\$ 62,387	\$ 65,014	\$ 2,627
State grants	15,770	16,395	625
Charges for services	700	731	31
Fines and forfeitures	700	825	125
Interest and rentals	2,100	1,315	(785)
Other	400	528	128
Total revenue	82,057	84,808	2,751
EXPENDITURES			
Recreation and culture			
Salaries and wages	37,408	38,172	(764)
Payroll taxes	2,717	2,744	(27)
Supplies	3,000	1,812	1,188
Education	500	211	289
Professional services	2,480	-	2,480
Telephone	2,500	2,218	282
Insurance	4,700	2,296	2,404
Utilities	6,400	5,305	1,095
Building and grounds maintenance	2,000	1,729	271
Equipment maintenance	2,950	1,134	1,816
Books and magazines	10,150	9,592	558
Memberships and dues	2,020	2,315	(295)
Miscellaneous	-	1,637	(1,637)
Total recreation and culture	76,825	69,165	7,660
Capital outlay	16,959	9,125	7,834
Total expenditures	93,784	78,290	15,494
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(11,727)	6,518	18,245
OTHER FINANCING SOURCES			
Operating transfer in - general fund	13,000	13,000	-
EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES	1,273	19,518	18,245
FUND BALANCE - BEGINNING OF YEAR	170,461	170,461	-
FUND BALANCE - END OF YEAR	\$ 171,734	\$ 189,979	\$ 18,245

TOWNSHIP OF COLON, MICHIGAN

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FIRE AND AMBULANCE FUND
YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
REVENUE			
Interest	\$ -	\$ 90	\$ 90
Other - special assessments	<u>90,000</u>	<u>93,145</u>	<u>3,145</u>
Total revenue	90,000	93,235	3,235
EXPENDITURES			
Public safety			
Professional services	-	8,301	(8,301)
Contractual services	84,552	84,552	-
Miscellaneous	<u>-</u>	<u>850</u>	<u>(850)</u>
Total public safety	<u>84,552</u>	<u>93,703</u>	<u>(9,151)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	5,448	(468)	(5,916)
FUND BALANCE - BEGINNING OF YEAR	<u>144,597</u>	<u>144,597</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 150,045</u>	<u>\$ 144,129</u>	<u>\$ (5,916)</u>

TOWNSHIP OF COLON, MICHIGAN

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL BUILDING FUND
YEAR ENDED MARCH 31, 2004

	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUE			
Interest	\$ 256	\$ 958	\$ 702
Other			
Special assessments	29,217	32,991	3,774
Sale of lots	-	3,954	3,954
Other governmental units	20,000	20,000	-
Total other	49,217	56,945	7,728
Total revenue	49,473	57,903	8,430
EXPENDITURES			
Debt service			
Principal	26,964	27,245	(281)
Interest	20,651	20,410	241
Total expenditures	47,615	47,655	(40)
EXCESS OF REVENUE OVER EXPENDITURES	1,858	10,248	8,390
FUND BALANCE - BEGINNING OF YEAR	47,939	47,939	-
FUND BALANCE - END OF YEAR	\$ 49,797	\$ 58,187	\$ 8,390

TOWNSHIP OF COLON, MICHIGAN

STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - DEBT SERVICE FUND
YEAR ENDED MARCH 31, 2004

REVENUE

Property taxes
Interest

\$ 63,125
2,657

Total revenues

65,782

EXPENDITURES

-

EXCESS OF REVENUE OVER EXPENDITURES

65,782

FUND BALANCE - BEGINNING OF YEAR

-

FUND BALANCE - END OF YEAR

\$ 65,782

TOWNSHIP OF COLON, MICHIGAN

STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - CAPITAL PROJECTS FUND
YEAR ENDED MARCH 31, 2004

REVENUE	
Interest	\$ 3,423
EXPENDITURES	
Capital outlay	
Professional services	44,500
Contractual services	30,522
Bank fees	262
Miscellaneous	<u>142</u>
Total expenditures	<u>75,426</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(72,003)
OTHER FINANCING SOURCES	
Proceeds from bond issue	<u>900,000</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES	827,997
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 827,997</u>

FIDUCIARY FUND TYPES

TOWNSHIP OF COLON, MICHIGAN

COMBINING BALANCE SHEET
FIDUCIARY FUND TYPES
MARCH 31, 2004

	Nonexpendable Trust Fund	Agency Funds		Total (Memorandum Only)
	Cemetery Endowment Fund	Tax Collection Fund	Agency Fund	
ASSETS				
Cash and cash equivalents	\$ 42,080	\$ 10,113	\$ 3,439	\$ 55,632
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$ -	\$ 2,018	\$ 135	\$ 2,153
Due to other governmental units	-	8,095	3,304	11,399
Total liabilities	-	10,113	3,439	13,552
FUND BALANCE				
Reserved for perpetual care	29,200	-	-	29,200
Unreserved, undesignated	12,880	-	-	12,880
Total fund balance	42,080	-	-	42,080
TOTAL LIABILITIES AND FUND BALANCE	\$ 42,080	\$ 10,113	\$ 3,439	\$ 55,632

TOWNSHIP OF COLON, MICHIGAN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED MARCH 31, 2004

	Balance April 1, 2003	Additions	Deductions	Balance March 31, 2004
TAX COLLECTION FUND				
ASSETS				
Cash	\$ 1,316	\$ 1,587,894	\$ 1,579,097	\$ 10,113
LIABILITIES				
Due to other funds	\$ 1,316	\$ 311,218	\$ 310,516	\$ 2,018
Due to other governmental units	-	1,276,676	1,268,581	8,095
TOTAL LIABILITIES	\$ 1,316	\$ 1,587,894	\$ 1,579,097	\$ 10,113
AGENCY FUND				
ASSETS				
Cash	\$ -	\$ 9,409	\$ 5,970	\$ 3,439
LIABILITIES				
Due to other funds	\$ -	\$ 917	\$ 782	\$ 135
Due to other governmental units	-	8,492	5,188	3,304
TOTAL LIABILITIES	\$ -	\$ 9,409	\$ 5,970	\$ 3,439
TOTALS-ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 1,316	\$ 1,597,303	\$ 1,585,067	\$ 13,552
LIABILITIES				
Due to other funds	\$ 1,316	\$ 312,150	\$ 311,298	\$ 2,168
Due to other governmental units	-	1,285,153	1,273,769	11,384
TOTAL LIABILITIES	\$ 1,316	\$ 1,597,303	\$ 1,585,067	\$ 13,552

OTHER SUPPLEMENTARY DATA

TOWNSHIP OF COLON, MICHIGAN

SCHEDULE OF DEBT AND ANNUAL INTEREST REQUIREMENTS
\$42,817 1998 LAMBERSON DAM SPECIAL ASSESSMENT
MARCH 31, 2004

<u>Fiscal Period</u>	<u>Interest</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Total Requirement</u>
2005	\$ 611	12/01/04	\$ 3,182	\$ 3,793
2006	480	12/01/05	3,875	4,354
2007	320	12/01/06	3,875	4,195
2008	159	12/01/07	3,875	4,035
	<u>\$ 1,570</u>		<u>\$ 14,807</u>	<u>\$ 16,377</u>

TOWNSHIP OF COLON, MICHIGAN

SCHEDULE OF DEBT AND ANNUAL INTEREST REQUIREMENTS
\$550,000 2000 MUNICIPAL BUILDING BANK LOAN
MARCH 31, 2004

<u>Fiscal Period</u>	<u>Interest</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Total Requirement</u>
2005	\$ 19,026	03/15/05	\$ 28,588	\$ 47,614
2006	17,439	03/15/06	30,175	47,614
2007	15,765	03/15/07	31,849	47,614
2008	13,997	03/15/08	33,617	47,614
2009	12,131	03/15/09	35,483	47,614
2010	10,162	03/15/10	37,453	47,615
2011	8,083	03/15/11	39,531	47,614
2012	5,889	03/15/12	41,725	47,614
2013	3,574	03/15/13	44,040	47,614
2014	1,129	03/15/14	20,351	21,480
	<u>\$ 107,195</u>		<u>\$ 342,812</u>	<u>\$ 450,007</u>

TOWNSHIP OF COLON, MICHIGAN

SCHEDULE OF DEBT AND ANNUAL INTEREST REQUIREMENTS
\$900,000 2003 LIBRARY BUILDING AND SITE BONDS
YEAR ENDED MARCH 31, 2004

<u>Fiscal Period</u>	<u>Interest</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Total Requirement</u>
2005	\$ 48,375	05/01/04	\$ 15,000	\$ 63,375
2006	43,750	05/01/05	20,000	63,750
2007	42,625	05/01/06	25,000	67,625
2008	41,250	05/01/07	30,000	71,250
2009	39,625	05/01/08	35,000	74,625
2010	37,875	05/01/09	35,000	72,875
2011	36,125	05/01/10	35,000	71,125
2012	34,250	05/01/11	40,000	74,250
2013	32,250	05/01/12	40,000	72,250
2014	30,125	05/01/13	45,000	75,125
2015	27,875	05/01/14	45,000	72,875
2016	25,500	05/01/15	50,000	75,500
2017	23,000	05/01/16	50,000	73,000
2018	20,375	05/01/17	55,000	75,375
2019	17,625	05/01/18	55,000	72,625
2020	14,750	05/01/19	60,000	74,750
2021	11,750	05/01/20	60,000	71,750
2022	8,625	05/01/21	65,000	73,625
2023	5,250	05/01/22	70,000	75,250
2024	1,750	05/01/23	70,000	71,750
	<u>\$ 542,750</u>		<u>\$ 900,000</u>	<u>\$ 1,442,750</u>